

**DEPARTMENT OF SOCIAL SERVICES**

744 P STREET, SACRAMENTO, CALIFORNIA 95814



August 29, 2000

ALL-COUNTY LETTER NO. 00-53

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY CHILD CARE COORDINATORS  
ALL COUNTY WELFARE FRAUD CHIEF  
INVESTIGATORS

**REASON FOR THIS TRANSMITTAL**

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order or Settlement Agreement
- ☒ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

SUBJECT: CalWORKs STAGE ONE CHILD CARE FRAUD AND  
OVERPAYMENTS

REFERENCE: ASSEMBLY BILL (AB) 1542, (CHAPTER 270, STATUTES OF 1997),  
ACL 97-69, ACL 98-72

The purpose of this letter is to provide County Welfare Departments (CWDs) with information and clarification regarding fraud and overpayments in the California Work Opportunity and Responsibility to Kids (CalWORKs) Stage One Child Care Program.

Some CWD child care and fraud staff have indicated concerns about the possibility for misuse of funds and fraud in the CalWORKs Stage One Child Care Program. In exploring those concerns, it has come to the attention of the California Department of Social Services (CDSS) staff that CWDs may need clarification about what constitutes child care fraud and overpayments. The following information addresses the most frequently asked questions and provides clarification on misinformation.

**WHAT IS FRAUD:**

Fraud is the knowing misrepresentation of facts that are material to an issue, made with the intent to obtain something to which one is not entitled. As outlined in the Manual of Policy and Procedures (MPP 20-003.1), fraud exists when an individual:

- Knowingly, and with intent, makes a false statement or representation to obtain benefits, obtain a continuance or increase of benefits, or avoid a reduction of benefits.
- Knowingly, and with intent, fails to disclose a fact, which if disclosed could result in denial, reduction, or discontinuance of benefits.

- Accepts benefits knowing he/she is not entitled thereto, or accepts any amount of benefits knowing it is greater than he/she is entitled to.

Child care fraud may include, but is not limited to, a CalWORKs recipient receiving or continuing to receive child care services that he/she knows he/she is not eligible for or is no longer eligible to receive and a child care provider knowingly obtaining or receiving child care payments for services which they did not provide. In other words, there is evidence of intent on the part of the recipient or the provider to obtain services, or payment for services, to which he/she is not entitled.

Examples of potential child care fraud include:

#### Recipient

- A recipient continues to take the child(ren) to the child care provider when he/she has stopped working or attending Welfare-to-Work (WTW) or county-approved activities.
- The intentional failure of the recipient to report increased earnings knowing that those earnings will result in higher family fees or ineligibility.
- The intentional failure of the recipient to report changes in the hours he/she is engaged in WTW activities knowing that reporting changes will result in less hours of subsidized child care.
- A recipient obtaining child care when, in fact, the biological or adoptive parent is in the home and able to care for the child(ren), when the recipient knows such a person is obligated to provide care for the child(ren).
- A recipient knowingly provides a birth certificate and social security number for a nonexistent child(ren) and receives child care subsidies for this child(ren).
- A recipient knowingly receives child care subsidies from two different sources for the same service.
- If a recipient is receiving cash aid fraudulently. (However, in such cases, child care eligibility needs to be reviewed separately).

#### Provider

- A provider submits time sheets for hours when child care services were not provided for the recipient's child(ren).
- A license-exempt provider being paid for child care services that are actually being rendered by another individual on a regular basis.

#### Recipient/Provider

- The recipient and the child care provider are submitting time sheets for payment when child care services were not provided.
- Two recipients, whose WTW plan is to be child care providers, claim they are providing child care for each other's child(ren) but are actually only caring for their own.

- Collusion between a parent and a provider to obtain child care subsidies to which one or both are not entitled.

#### CWD Internal

- Any act or participation in fraud with other parties.
- A county worker sets up false cases to collect checks for child care subsidies.

County Special Investigative Units (SIUs) are responsible for investigating fraud cases. Counties may wish to establish referral profiles for use by child care workers. The CDSS, in conjunction with county fraud and child care program representatives, is planning to develop child care fraud indicators for recipients, providers, and internal CWDs in the near future.

#### **WHAT IS NOT CHILD CARE FRAUD:**

The following are some examples of what is not fraud in the CalWORKs Child Care Program.

- A recipient continuing to attend unapproved WTW activities and using child care services when the CWD has not sent a Notice of Action informing the recipient that the activity is not or is no longer approved.
- A recipient and a family member who is providing child care are sharing household expenses.
- A license-exempt provider being paid for providing county-approved child care services.
- A license-exempt provider seeking the assistance of a relative or friend to care for the child(ren) during occasional appointments or to perform occasional tasks.
- A provider submitting time sheets for care that was provided during time the recipient was not attending WTW activities when the provider was not notified that the care should cease.
- A relative, such as a grandmother, being paid to provide child care for their relative's child(ren). The only relative that is not authorized to be paid to provide care for a child is the child's biological or adoptive parent or a stepparent who is part of the assistance unit.

#### **WHAT IS A CHILD CARE OVERPAYMENT:**

Section 47-110 (o) (1) of the MPP states that an overpayment is payment for child care services in excess of the amount which either the recipient or the child care provider is eligible to receive. Examples of a child care overpayment are:

- Child care program subsidies for child care services received after the date a recipient ceased working or participating in a work activity.
- Child care program subsidies paid in error to a provider for child care services after informing the provider that subsidies have been terminated.
- Any of the above situations described for fraud where the provider or recipient received payments for which they are not eligible.
- Child care subsidies received while the parent was ineligible for cash aid and the parent does not qualify as a former recipient.
- Providers collecting flat fees for unfilled, not contracted by county, child care slots.
- Recipient ceases work activities but continues to receive child care and, due to an administrative error, the county does not send a notice of action terminating child care services.

#### **WHAT IS NOT A CHILD CARE OVERPAYMENT:**

- Child care payments made to a relative for care provided. Parents have the right to choose grandparents to be paid for providing child care to their grandchildren. Other relatives, such as aunts, uncles, adult brothers or sisters may also be appropriate caregivers.
- Child care payments made for care provided to children during temporary absences of the provider when someone else provides the care.
- Child care subsidies received by a sanctioned parent who is working.
- Child care provided by a licensed or exempt provider exceeding capacity before the effective date of provider termination (see "Licensing/TrustLine Issues" section for details).
- Child care subsidies made to a provider during the allowable absence of a parent from WTW activities (e.g., to go to court or a medical appointment) when the county has such a policy.
- Child care subsidies made to a provider for an unused slot that was purchased by the county. Counties may reserve such slots for day-to-day usage.

#### **RECOVERY OF OVERPAYMENT:**

Section 47-440.1 through .17 of the MPP outlines the overpayment recovery process in the CalWORKs Stage One Child Care Program. The CWD cannot force recipients to repay overpayments or fraudulent claims by discontinuing child care services. Even in cases of chronic abuse, the CWD cannot offset a recipient's grant or child care payment without the recipient's agreement. However, while the CWD cannot reduce the CalWORKs grant or child care payment to recover a child care overpayment without the recipient's agreement, the CWD can pursue other means to recover overpayments from both recipients and providers, including, but not limited to:

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- Voluntary repayment;
- Assign overpayments to collection agencies;
- Pursue payment through small claims court; and/or
- Obtain restitution order through a court proceeding.

If the CWD determines that collection of the overpayment while the recipient is receiving CalWORKs is not feasible, the CWD shall identify and track the overpayment for possible future recovery.

#### **LICENSING/TRUSTLINE ISSUES:**

The following situations are licensing or TrustLine issues that are not fraud or overpayments:

- When a licensed provider no longer has a valid license or a license-exempt provider is providing care for more than one family, an overpayment for the parent does not occur if the provider actually provided the child care. When the CWD becomes aware of child care provided by such a provider, the CWD should report this information to their local Community Care Licensing Office.
- If a license-exempt provider has been providing child care while their TrustLine Registry application is being processed and TrustLine is denied, CWDs shall issue a Notice of Action prior to discontinuing child care payment to that provider. When the TrustLine is denied, however, CWDs should take action to immediately inform the parent and assist the parent with referrals to other child care providers or Resource & Referral Agencies. Payments for child care provided prior to the effective date of the Notice of Action are not overpayments.

Any questions regarding this All County Letter or the CalWORKs Child Care Program should be directed to the CDSS Child Care Program Bureau Analyst assigned to your county at (916) 657-2144. Any general fraud questions should be directed to the CDSS Fraud Bureau at (916) 263-5700. Any general licensing questions should be directed to your local Community Care Licensing Office (refer to the attached lists or website at <http://www.dss.cahwnet.gov/ccld> for contact information) or the Child Care Advocate for your county.

Sincerely,

*Original signed by Bruce Wagstaff 8/29/00*

BRUCE WAGSTAFF  
Deputy Director  
Welfare to Work Division

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



CHILD CARE ADVOCATE PROGRAM

<u>Name</u>	<u>Address</u>	<u>Phone</u>	<u>Fax</u>
<b>Linda Nissen</b> Program Manager	744 P St., M.S.19-56 Sacramento, CA 95814	(916) 229-4279	(916) 229-4268
<b>Ellen Hiuga</b> Program Support	744 P St., M.S. 19-56 Sacramento, CA 95814	(916) 229-4278	(916) 229-4268
<b>Gary Andary</b>	3737 Main St., Ste. 700, M.S.29-12 Riverside, CA 92501 <i>Counties: Riverside and San Bernardino</i>	(909) 782-6637	(909) 782-4985
<b>Cindi Bethell</b>	520 Cohasset Road, Ste. 6 M.S. 29-05 Chico, CA 95926 <i>Counties: Butte, Colusa, Del Norte, Glenn, Humboldt, Lassen, Modoc, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity and Yuba</i>	(530) 895-4272	(530) 895-5934
Vacant	1000 Corporate Ctr Dr., Ste. 200B M.S. 29-15 Monterey Park, CA 91754 <i>Counties: LA</i>	(323) 981-3380	(323 ) 981-3355
<b>Carlos Gaytan</b>	770 E. Shaw Ave., Ste. 330 M.S. 29-02 Fresno, CA 93710 <i>Counties: Alpine, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono,Tulare</i>	(559) 445-6755	(559) 445-5097
<b>Alan Eisner</b>	6167 Bristol Parkway, Suite 400 M.S. 29-13 Culver City, CA 90230 <i>Counties: LA</i>	(310) 337-3752	(310) 337-4360
<b>Joan Hill</b>	101 Golf Course Dr., Ste. A-230 M.S. 29-11 Rohnert Park, CA 94928 <i>Counties: Lake, Marin, Mendocino, Napa, Solano, and Sonoma</i>	(707) 588-5056	(707) 588-5080
<b>Jim Hopper</b>	111 North Market St., Ste. 300 M.S. 29-08 San Jose, CA 95113 <i>Counties: Monterey, San Benito, Santa Clara, and Santa Cruz</i>	(408) 277-2051	(408) 277-2071
<b>Sue Humbert-Rico</b>	801 Traeger Ave., Ste. 100 M.S. 29-24 San Bruno, CA 94066 <i>Counties: San Francisco and San Mateo</i>	(650) 266-8822	(650) 266-8847
<b>Hudson Johnson</b>	8745 Folsom Blvd., Ste. 200 M.S. 19-29 Sacramento, CA 95826 <i>Counties: Amador, Calaveras, El Dorado, Nevada, Placer, Sacramento, San Joaquin, Stanislaus,Tuolumne and Yolo</i>	(916) 229-4506	(916) 387-1933
<b>Elda Lavinbuk</b>	750 The City Drive, Ste. 250 M.S. 29-10 Orange, CA 92668 <i>Counties: Orange</i>	(714) 703-2828	(714) 703-2831
<b>Dana Lovelace</b>	7575 Metropolitan Drive, Suite 110 M.S. 29-20 San Diego, CA 92108 <i>Counties: San Diego and Imperial</i>	(619) 767-2212	(619) 767-2202
<b>Betsy Rutana</b>	1515 Clay Street, Ste. 1102 M.S. 29-04 Oakland, CA 94612 <i>Counties: Alameda and Contra Costa</i>	(510) 622-2623	(510) 622-2641
<b>Maria Valencia</b>	360 S. Hope Ave., Ste. C-105 M.S. 29-09 Santa Barbara, CA 93105 <i>Counties: San Luis Obispo, Santa Barbara, and Ventura</i>	(805) 563-5568	(805) 682-8361

DEPARTMENT OF SOCIAL SERVICES  
744 P Street, Sacramento, California 95814



COMMUNITY CARE LICENSING DIVISION FIELD OFFICES

NORTHERN REGIONAL OFFICE

**Frances Young, Manager**  
8745 Folsom Boulevard, Suite 130, MS: 19-48  
Sacramento, CA 95826  
(916) 229-4500      FAX    (916) 229-4508

CHICO DISTRICT -RESIDENTIAL AND CHILD CARE

520 Cohasset Road, Suite 6, MS: 29-05      **Manager: Earl Nance**  
Chico, CA 95926  
(530) 895-5033      FAX    (530) 895-5934  
Counties: Butte, Colusa, Del Norte, Glenn, Humboldt, Lassen,  
Modoc, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama,  
Trinity and Yuba

\* SACRAMENTO DISTRICT - RESIDENTIAL

2400 Glendale Lane, Suite C, MS: 19-35      **Manager: Gary Levenson- Palmer**  
Sacramento, CA 95825  
(916) 574-2346      FAX    (916) 574-2382  
Counties: Amador, Calaveras, El Dorado, Nevada, Placer,  
Sacramento, San Joaquin, Stanislaus,Tuolumne and Yolo

SACRAMENTO DISTRICT - CHILD CARE

8745 Folsom Boulevard, Suite 200, MS: 19-29      **Manager: Charles Boatman**  
Sacramento, CA 95826  
(916) 229-4530      FAX    (916) 387-1933  
Counties: Amador, Calaveras, El Dorado, Nevada, Placer, Sacramento,  
San Joaquin, Stanislaus, Tuolumne and Yolo

REDWOOD EMPIRE DISTRICT - RESIDENTIAL & CHILD CARE

101 Golf Course Drive, Suite A-230, MS: 29-11      **Manager: Wayne Wilson**  
Rohnert Park, CA 94928  
(707) 588-5026      FAX    (707) 588-5080  
Counties: Lake, Marin, Mendocino, Napa, Solano, and Sonoma

FRESNO DISTRICT -RESIDENTIAL & CHILD CARE

770 East Shaw Avenue, Suite 330, MS: 29-02      **Manager: Dave Guinan**  
Fresno, CA 93710  
(559) 445-5691      FAX    (559) 445-5097  
Counties: Alpine, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced,  
Mono and Tulare

SOUTHERN REGIONAL OFFICE

**Margie Davis, Manager**  
5900 Pasteur Court, Suite 125, MS: 29-19  
Carlsbad, CA 92008  
(760) 929-2121      FAX    (760) 929-2133

MISSION VALLEY DISTRICT - CHILD CARE

7575 Metropolitan Drive, Suite 110, MS: 29-20      **Manager: Terry Sutton**  
San Diego, CA 92108-4402  
(619) 767-2200      FAX    (619) 767-2202 and (619) 767-2203  
County: San Diego, Imperial

SAN DIEGO DISTRICT - RESIDENTIAL

7575 Metropolitan Drive, Suite 109, MS: 29-06      **Manager: Mary Delmast**  
San Diego, CA 92108-4402  
(619) 767-2300      FAX    (619) 767-2252  
Counties: Imperial and San Diego

SAN GORGONIO OFFICE - CHILD CARE

3737 Main Street, Suite 700, MS: 29-12      **Manager: Robert Gomez**  
Riverside, CA 92501  
(909) 782-4200      FAX    (909) 782-4985  
Counties: Riverside and San Bernardino

INLAND EMPIRE OFFICE-RESIDENTIAL

3737 Main Street, Suite 600, MS: 29-26      **Manager: Robert Gonzalez**  
Riverside, CA 92501  
(909) 782-4207      FAX    (909) 782-4967  
Counties: Riverside and San Bernardino

ORANGE COUNTY- CHILD CARE

750 The City Drive, Suite 250, MS: 29-10      **Manager: Mary Kaarmaa**  
Orange, CA 92668  
(714) 703-2800      FAX    (714) 703-2831  
County: Orange

\* ORANGE COUNTY-RESIDENTIAL

770 The City Drive, Suite 7100, MS: 29-28      **Manager: Arthur Carter**  
Orange, CA 92668  
(714) 703-2840      FAX    (714) 703-2868  
County: Orange

COASTAL REGIONAL OFFICE

**Martha Mills, Manager**  
801 Traeger Avenue, Suite 105, MS: 29-18  
San Bruno, CA 94066  
(650) 266-8860      FAX    (650) 266-8877

CENTRAL COAST AREA -RESIDENTIAL & CHILD CARE

360 South Hope Avenue, Suite C-105, MS: 29-09      **Manager: Joseph Brocato**  
Santa Barbara, CA 93105  
(805) 682-7647      FAX    (805) 682-8361  
Counties: San Luis Obispo, Santa Barbara and Ventura

BAY AREA DISTRICT - CHILD CARE

1515 Clay Street, Suite 1102, MS: 29-04      **Manager: Melissa Miller**  
Oakland, CA 94612  
(510) 622-2602      FAX    (510) 622-2641  
Counties: Alameda and Contra Costa

PENINSULA DISTRICT -CHILD CARE

801 Traeger Avenue, Suite 100, MS: 29-24      **Manager: Fred Gill**  
San Bruno, CA 94066  
(650) 266-8843      FAX    (650) 266-8847  
Counties: San Francisco and San Mateo

SAN FRANCISCO BAY -RESIDENTIAL

851 Traeger Avenue, Suite 360, MS: 29-16      **Manager: Stan Roman**  
San Bruno, CA 94066  
(650) 266-8800      FAX    (650) 266-8841  
Counties: Alameda, Contra Costa, San Francisco and San Mateo

SAN JOSE DISTRICT - CHILD CARE

111 North Market Street, Suite 300, MS: 29-08      **Manager: Paula Walsh**  
San Jose, CA 95113  
(408) 277-1286      FAX    (408) 277-2071  
Counties: Monterey, San Benito, Santa Clara and Santa Cruz

\* SAN JOSE DISTRICT-RESIDENTIAL

111 North Market Street, Suite 350, MS: 29-07      **Manager: Barbara Mordy**  
San Jose, CA 95113  
(408) 277-1289      FAX    (408) 277-2045  
Counties: Monterey, San Benito, Santa Clara and Santa Cruz

LOS ANGELES REGIONAL OFFICE

**Colleen Anderson, Manager**  
100 Corporate Pointe, Suite 350, MS: 29-17  
Culver City, CA 90230  
(310) 665-1940      FAX    (310) 665-1979

\* L. A. RESIDENTIAL EAST

1000 Corporate Center Drive, Suite 200A, MS: 31-08      **Manager: Robert Pate**  
Monterey Park, CA 91754  
(323) 981-3300      FAX    (323) 981-3425

L.A. RESIDENTIAL NORTHERN VALLEYS

21731 Ventura Boulevard, Suite 250, MS: 29-14      **Manager: JoAnn Hirai**  
Woodland Hills, CA 91364  
(818) 596-4334      FAX    (818) 596-4376

L. A. RESIDENTIAL WEST

6167 Bristol Parkway, #210, MS: 31-09      **Manager: Lydia Thomas**  
Culver City, CA 90230  
(310) 568-1807      FAX    (310) 417-3680

L.A. NORTHWEST CHILD CARE

6167 Bristol Parkway, #400, MS: 29-13      **Manager: Sergio Ramirez**  
Culver City, CA 90230  
(310) 337-4333      FAX    (310) 337-4360

L.A. CHILD CARE EAST

1000 Corporate Center Drive, Suite 200B, MS: 29-15      **Manager: Lois Petzold**  
Monterey Park, CA 91754  
(323) 981-3350      FAX    (323) 981-3355

\* Adoption Licensing Questions